

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 0877-01
BILL NO.: HB 293
SUBJECT: Economic Development; St. Louis.
TYPE: Original
DATE: January 18, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue *	\$0	(\$3,000,000)	(\$3,000,000)
Contiguous Property Redevelopment *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds *	\$0	(\$3,000,000)	(\$3,000,000)

*** Subject to Appropriation**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government*	\$0	\$3,000,000	\$3,000,000

*** Subject to Appropriation**

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

In response to identical legislation from last year, officials from the **Department of Economic Development (DED)** stated this proposal creates the “Contiguous Property Redevelopment Fund” and allows the DED to make grants to St. Louis City from appropriated funds. The funds are to be used to assist the City to acquire multiple contiguous properties within such city and to engage in the initial redeveloping of such properties for future use as private enterprise or housing.

The DED assumed an unknown amount will be appropriated to the fund starting with the FY 2003 budget. The DED stated the program is very similar to the existing Brownfield program. The DED assumed the need for one Economic Development Incentive Specialist II (at \$36,468 annually) and associated expense/equipment to administer the program. The duties of the FTE would be to promote the program, design forms, answer calls and correspondence, review grant applications, and monitor the grants for compliance.

Oversight assumes the DED could administer this program with existing resources and therefore, would not require the additional FTE plus appropriate expenses.

In response to identical legislation from last year, officials from the **Office of Secretary of State (SOS)** assumed there would be costs due to additional publishing duties related to the Department of Economic Development’s authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 12 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 18 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal would be \$738, the actual fiscal impact would be dependent upon the actual rulemaking authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS did not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to identical legislation from last year, officials from the **St. Louis Development Corporation** stated this proposal would allow them to fund the creation of major development-ready sites for redevelopment. They stated this legislation would assist them in the process of

ASSUMPTION (continued)

acquiring, effecting locations, demolishing existing improvements, and providing new infrastructure. They recommended a multi-year commitment of at least \$3 million dollars per year for this purpose.

In response to identical legislation from last year, officials from the **State Treasurer's Office** assumed this proposal will not fiscally impact their agency.

Oversight assumes an annual sum of \$3 million would be appropriated from the General Revenue Fund to the Contiguous Property Redevelopment Fund, starting in FY 2003. Oversight also assumes the DED would grant/spend all monies appropriated to the new fund.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Costs</u> - Appropriation to the contiguous property redevelopment fund	\$0	(\$3,000,000)	(\$3,000,000)
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--SUBJECT TO APPROPRIATION--

CONTIGUOUS PROPERTY REDEVELOPMENT FUND

<u>Revenue</u> - Appropriation from the general revenue fund	\$0	\$3,000,000	\$3,000,000
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<u>Costs</u> - Grants to the City of St. Louis	\$0	(\$3,000,000)	(\$3,000,000)
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ESTIMATED NET EFFECT ON THE CONTIGUOUS PROPERTY REDEVELOPMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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--SUBJECT TO APPROPRIATION--

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FISCAL IMPACT - Local Government

FY 2002 FY 2003 FY 2004
(10 Mo.)

CITY OF ST. LOUIS

Revenue - Grants from the state

contiguous property redev. fund	\$0	\$3,000,000	\$3,000,000
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--SUBJECT TO APPROPRIATION--

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal creates the Contiguous Property Redevelopment Fund within the Department of Economic Development to be used for grants to the City of St. Louis for acquiring and redeveloping contiguous properties within the city. The department may promulgate rules for the administration of the program, including the form by which the City of St. Louis may apply for the grants. The department is to give preference to those projects proposing the assembly of a greater number of acres than other projects and those projects for which a private interest in the usage of the property exists, once redevelopment of the property is completed.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
State Treasurer's Office
Office of the Secretary of State
St. Louis Development Corporation



Jeanne Jarrett, CPA
Director
January 18, 2001